



DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

**Secret**

State Dept. review completed

No 42

8 June 1972

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Approved For Release 2003/08/21 : CIA-RDP79T00975A022000120001-3

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No. 0137/72  
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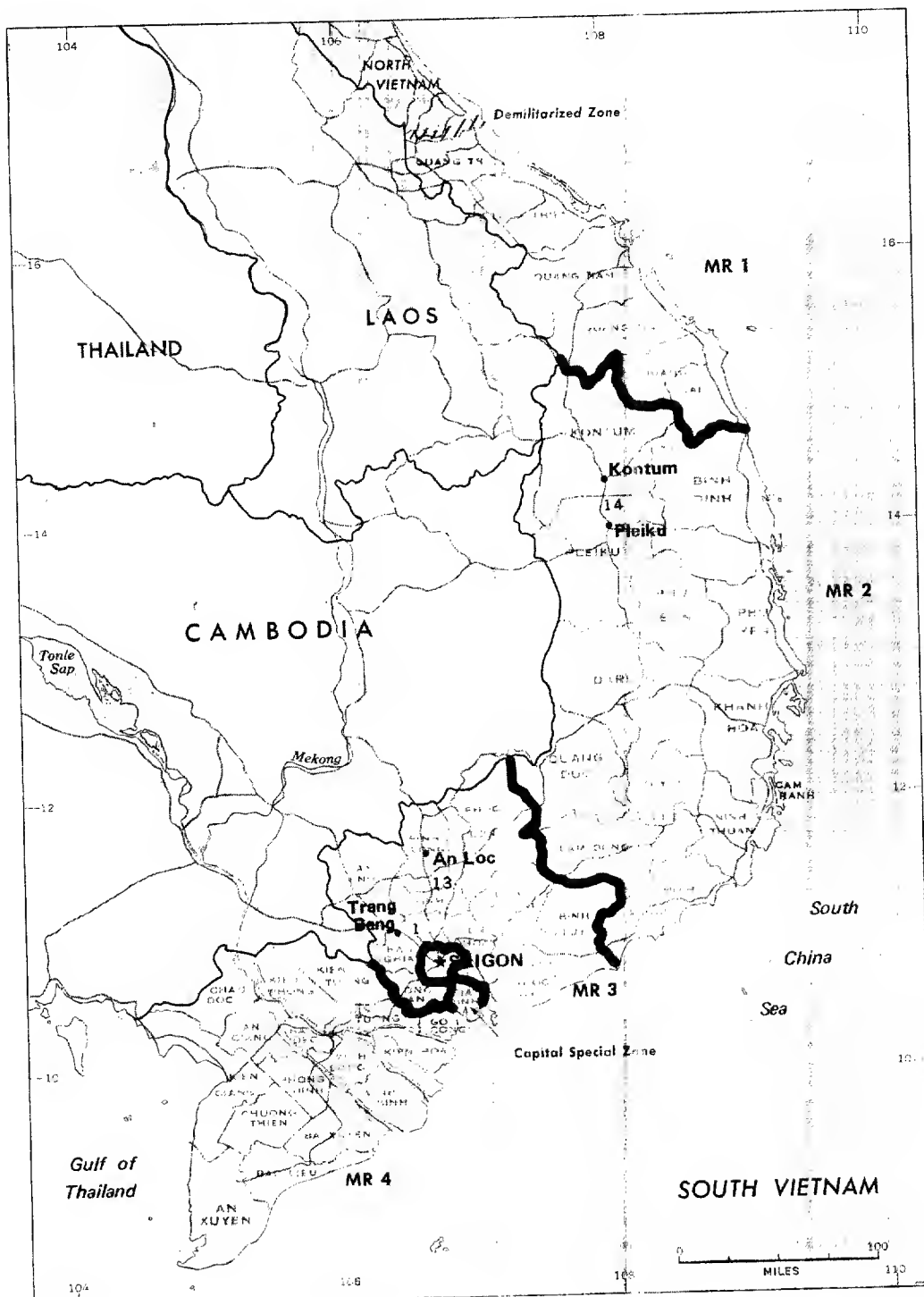
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**VIETNAM:** The military situation remains essentially unchanged, although increased combat activity is being reported from the Cambodian border provinces northwest of Saigon.

Brief but sharp clashes are continuing in Hau Nghia Province, particularly around Trang Bang, where the Communists have established several blocking points on Route 1. In nearby Tay Ninh Province, enemy-initiated actions are now at the highest level since the Communist offensive began. To the east, in Binh Long Province, elements of the 7th Division are keeping pressure on the South Vietnamese units attempting to relieve the defenders of An Loc. Communist shelling of An Loc has increased recently, but there are no signs that new ground attacks are in the offing.

Elsewhere in South Vietnam, combat activity was limited to continuing government clearing operations in the central highlands and sporadic enemy shelling attacks in the north. ARVN forces have reported good progress in clearing the remaining pockets of resistance from the northern limits of Kontum City. The government continues to be stymied, however, in its efforts to open Route 14 between Kontum and Pleiku.

\* \* \* \*

Photography of the P'ing-hsiang railroad yard on the North Vietnam - China border has revealed a significant increase in rolling stock. The estimated 500 freight cars in the yard on 2 June was well above the 300-400 usually noted there. The accumulation of rolling stock at P'ing-hsiang suggests increased rail movement into the area and possibly operational delays in moving goods to the south.



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CYPRUS: Expanded intercommunal talks, including representatives from the Greek-Cypriot and Turkish-Cypriot communities and from Greece, Turkey, and the UN begin today. Chances for success in these new talks, however, seem slim.

The talks originally started in 1968 between representatives of the island's two communities. Negotiations still have not progressed beyond the basic disagreement over how much the Turkish Cypriots should participate in the island's government and how much local autonomy they should have. The Turkish Cypriots have not participated in the island's government since 1963 and have since sought to gain control over the administration of their own community's affairs. Last fall Ankara and Athens, sensing the danger that the Cyprus issue could lead to a new crisis in their relations, agreed to try to break the deadlock, and the present format was developed. Turkey, however, has only grudgingly agreed to UN participation.

There is little to suggest that the talks will make any better progress than preceding efforts. President Makarios still seems intent on withholding real political power from the Turkish Cypriots, and an atmosphere of trust necessary for mutual concessions is lacking. Nevertheless, while they last, the talks will probably help keep intercommunal tensions down.

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PHILIPPINES: President Marcos has gained some breathing space in domestic politics by diverting public attention from a bribery scandal to the question of American bases in the Philippines.

The mounting controversy over charges that Marcos supporters made regular payoffs to certain delegates to the constitutional convention has had the president on the defensive for the past two weeks and was casting increasing doubt on his political future. Marcos' heavy-handed efforts to impugn the credibility of his accuser, a convention delegate himself, failed to quell the opposition. Early this week former president Macapagal publicly called for Marcos to disavow any intention of staying in office when his term expires next year.

With a growing tide against him, Marcos called in the US ambassador and, in front of the media, presented a note that asks the US about its intentions regarding the occupation and future use of bases in the Philippines. Marcos implied in a follow-up newspaper interview that he might ask for removal of the bases. One of his confidants, however, later privately assured the US ambassador that the base negotiations will resume their former course once the domestic scandal blows over.

Marcos' strategy has apparently worked. Both his opponents and the newspapers have latched onto the base issue, moving the bribery sensation into the back pages for the time being. It seems unlikely that he can bury the scandal permanently, however; the delegate who made the original charges has promised to name names sometime in the near future.

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PAKISTAN: Substantial Western aid will be forthcoming as a result of agreements reached at the Aid-to-Pakistan Consortium meeting last month.

The package provides debt relief of \$234 million through June 1973, including \$108 million that is due in the next 12 months. Pakistan declared a unilateral moratorium on most of its debts in May 1971. The Consortium pledged new commodity aid of \$132 million, and an additional \$50 million soon may be made available.

These commitments, together with funds already in the pipeline, will raise aid receipts to at least \$400 million during the fiscal year beginning in July. This is about a third higher than the amount Pakistan received this fiscal year. The increase in foreign aid should enable Pakistan to keep imports at last year's level.

Islamabad apparently also has been successful in obtaining at least partial debt relief from Communist countries. China reportedly has written off repayment of four of its credits totaling about \$110 million and has extended the grace period for repayment of a \$200-million credit. The USSR also has changed the terms of its credits, thereby deferring payments until after 1974.

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SOUTH AFRICA: The government has clamped a month-long ban on protest meetings in order to stop a wave of student demonstrations.

The demonstrations were triggered by the expulsion of a black university student leader in late April for criticizing the government's racial educational policies. The South African Student Organization, a militant African group, then called for a boycott of all black universities. Last week, some white, Colored, and Indian student organizations and other liberal groups demonstrated at several universities and cities.

Although the turnout of white students was light, the government responded with force. Police waded into a small crowd of peaceful young white demonstrators at an Anglican cathedral last Friday, beating protesters and innocent bystanders indiscriminately. Some who sought refuge in the cathedral were beaten and dragged from the church. The police action failed to deter the protesters; demonstrations spread this week, prompting the government to issue its banning order, effective yesterday.

Church, student, and other liberal leaders, as well as the English-language press, have condemned police brutality, but most of South Africa's white conservative-minded public seems to be swinging behind the government. Prime Minister Vorster has warned that police will take similar action whenever necessary to maintain law and order. The main opposition United Party called for a judicial inquiry, but tempered its criticism by giving qualified support for the ban and by warning students to avoid being "used by the forces of dissent."

Some militant student leaders may now be encouraged to organize further demonstrations, but the government appears ready to do whatever is necessary to keep dissenters in line.

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MOROCCO-LIBYA: King Hassan has made a public bid for reconciliation with Libyan Prime Minister Qadhafi.

Moroccan-Libyan relations were disrupted last year when Qadhafi pledged full support for the military insurgents who tried to topple Hassan. Subsequently, Libyan and Moroccan national radios have made scathing attacks on the respective governments. Hassan certainly fears that the Libyans may be financing his political opposition; left-wing Moroccan exiles allegedly are drafting the anti-Hassan diatribes broadcast by Tripoli.

In a welcoming speech to African foreign ministers preparing for the summit that convenes next week in Rabat, Hassan invited Qadhafi to come to Rabat for the meeting and to discuss differences "man to man." The King also challenged the Libyan leader to "have the human and historic courage that characterizes his country, his nation, our Maghreb." The King probably hoped that by projecting an image of reason and conciliation he could put Qadhafi at a psychological disadvantage and improve his own stature as an African and Arab leader. He may also hope by this gambit to persuade Egyptian President Sadat, who has indicated he will not attend the summit, to change his mind.

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SOUTH KOREA: Recent demonstrations by the opposition New Democratic Party to force an end to the government's boycott of the National Assembly appear to have had some effect. The government has shown interest in having its party members attend a special Assembly session later this month, but the government continues to insist that it will not participate if any of its domestic policies, particularly the emergency legislation, is questioned. The New Democratic Party appears inclined to accept this position, possibly with the intention of raising controversial domestic issues once the government's representatives are seated in the Assembly. [REDACTED]

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INDIA: The Western Aid to India Consortium is scheduled to meet in Paris next week. The World Bank has recommended \$200 million a year in debt relief to run through April 1974 when total debt service payments to Consortium members will be approximately \$1.1 billion. The Bank has also recommended about \$1.2 billion in new aid for this year, compared with last year's commitment of about \$1.1 billion. The US is the only Consortium member that has halted aid to India. [REDACTED]

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